

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 600 - SB 735**

March 8, 2013

**SUMMARY OF BILL:** Prohibits the Johnson City waterworks or sewerage system from charging water rates, to customers located outside the corporate limits of the city, in excess of 50 percent of the rate charged to customers located within the corporate limits.

**ESTIMATED FISCAL IMPACT:**

**Decrease Local Revenue – \$450,800/Johnson City**

**Assumptions:**

- According to Johnson City, the average customer living outside the corporate limits of the city uses on average 5,000 gallons of water monthly.
- Based on water rates currently charged to customers within the corporate limits, customers using an average of 5,000 gallons of water pay \$20.18 monthly. Customers located outside the corporate limits of the city using an average of 5,000 gallons of water pay \$40.36 monthly.
- Applying the maximum rate allowed by the bill, customers outside the corporate limits would pay no more than \$30.27 ( $\$20.18 \times 150\%$ ) for every 5,000 gallons of water; a rate difference of \$10.09 ( $\$30.27 - \$20.18$ ).
- According to Johnson City, there are 3,723 customers served outside the corporate limits of the city.
- Setting the maximum rate allowable will result in a recurring decrease in local revenue to Johnson City estimated to be \$450,781 ( $\$10.09$  rate difference  $\times$  3,723 customers  $\times$  12 months).

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

/jrh